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**Community & Economic Development &  
Trade Committee**

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**HB 2178**

**Brief Description:** Concerning the convention place station expansion.

**Sponsors:** Representatives White and Kenney.

**Brief Summary of Bill**

- Authorizes the State Convention and Trade Center Corporation (Corporation) to proceed with certain activities associated with the Convention Place Station Expansion (Expansion).
- Authorizes the Corporation to use specified sources to pay for Expansion-related.
- Requires that existing transient lodging taxes imposed by the state and the City of Seattle remain in effect as long as there are outstanding obligations related to financing the costs of the Expansion.

**Hearing Date:** 2/16/09

**Staff:** Meg Van Schoorl (786-7105)

**Background:**

Washington State Convention and Trade Center.

The Washington State Convention and Trade Center (Center) is a public nonprofit corporation created by the Legislature in 1982 for the purpose of constructing and operating a nationally competitive convention and trade facility in the City of Seattle. The Center is governed by a nine-member board of directors appointed by the Governor. Initial construction of the Center facility was completed in 1988 and financed through state-issued general obligation bonds which are projected to be retired by FY 2020. Expansion of the Center, authorized by the Legislature in the 1995-97 biennium, was completed in fiscal year 2002 and financed through the use of certificates of participation which are expected to be paid off by FY 2017.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### State Convention and Trade Center Taxes.

To pay the costs of constructing, maintaining and operating the Center, in 1982 the Legislature approved a "transient lodging tax" to be levied against charges for stays of 30 days or less at lodging businesses with 60 or more units within King County (Revised Code of Washington 67.40.090). The current tax rate, which took effect in 1993, is 7 percent on lodging within the City of Seattle and 2.8 percent on lodging within the rest of the County. The tax, at these rates, must be retained until the bonds and all other borrowings used to finance the Center's construction or 1995-2002 expansion are retired. Proceeds from the state-imposed tax are deposited into the State Convention and Trade Center Account (Account) in the State Treasury. The Account is divided into one sub-account for capital costs and bond retirement, and one sub-account for operational costs.

In 1995 the Legislature further authorized a 2 percent "transient lodging tax" which after January 1, 2000 could be applied by the City of Seattle to the same charges as the state-imposed tax (Revised Code of Washington 67.40.130). The City of Seattle does impose this 2 percent tax, but since it is credited against the state retail sales tax, it does not increase the cost of room rentals to consumers. Receipts from the 2 percent tax are taken as a credit against the state general fund and deposited into the Account. The Account must be used for activities associated with the expansion of the Center as recommended by the Convention Center Expansion and City Facilities Task Force created in 1994, and must remain in effect without modification as long as there are outstanding obligations to pay principal and interest on the bonds issued for the 1995-2002 expansion.

### Payment Sources for 1995 - 2002 Convention Center Expansion Costs.

Costs associated with the financing, design, acquisition, construction, equipping, operating, maintaining, and re-equipping of the Center's facilities related to the Center's expansion completed in 2002 may be paid through: the proceeds of the state- or city-imposed transient lodging taxes; contributions from public or private participants; and associated investment earnings.

### **Summary of Bill:**

#### Convention Place Station Expansion.

The State Convention and Trade Center Corporation (Corporation) is authorized to proceed with the Convention Place Station expansion, including: planning, environmental studies, design, preparation of construction plans and specifications, construction contracting, acquisition and transfers of real and personal property interests, and other activities. "Convention Place Station expansion" is defined as the expansion of the Center located in the City of Seattle, primarily in airspace above the Convention Place Metro Transit Station, between certain streets, and with connections to the existing Center.

### State Convention and Trade Center Taxes.

The 7 percent and 2.8 percent rates established in 1993 for the state-imposed "transient lodging tax" are required to remain in effect until all payments under financing contracts or other financing issued for authorized purposes under the Convention and Trade Facilities chapter have been made.

The 2 percent "transient lodging tax" imposed by the city of Seattle is required to be used by the Corporation to pay all or any part of the costs related to the Convention Place Station expansion and is to remain in effect as long as there are outstanding obligations to pay for financing contracts or other financing issued for the expansion.

Payment Sources for Convention Place Station Expansion Costs.

Costs associated with the financing, design, acquisition, construction, equipping, operating, maintaining, and re-equipping of the Center's facilities related to the Convention Place Station expansion may be paid through: proceeds of the state- or city-imposed transient lodging taxes; appropriations; funds obtained through interim financing or legislatively-authorized long-term financing; proceeds of the sale of properties owned by the Center but not planned for its operational use; contributions from public or private participants; and associated investment earnings.

"Long-term financing" is defined as any type of legislatively-authorized long-term financing for the Convention Place Station expansion, including but not limited to bonds, notes, other evidences of indebtedness of the state, and financing contracts.

**Appropriation:** None.

**Fiscal Note:** Requested on February 12, 2009.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.